

Congress of the United States
Washington, DC 20510

June 8, 2020

The Honorable Jovita Carranza
Administrator
U.S. Small Business Administration
409 3rd Street SW
Washington, D.C. 20416

Dear Administrator Carranza,

I write to seek information about the Small Business Administration (SBA)'s implementation of the Economic Injury Disaster Loan (EIDL) and the EIDL emergency advance programs and to share concerns about how SBA's decisions have impacted businesses in Coastal Virginia.

The EIDL program allows small businesses and nonprofits to obtain loans directly from SBA to help businesses meet financial obligations and pay operating expenses during declared disasters. Under the Coronavirus Preparedness and Response Supplemental Appropriations Act (P.L. 116-123), all small businesses experiencing losses related to the COVID-19 pandemic are potentially eligible for EIDL assistance. In the Coronavirus Response Aid, Relief, and Economic Security (CARES) Act (P.L. 116-136), Congress established the EIDL emergency advance program, which allowed businesses to rapidly receive non-repayable grants of up to \$10,000 in advance of receiving their full EIDL loan.

Recognizing the critical role that these programs serve for small businesses, Congress provided \$60 billion in supplemental appropriations for EIDL and \$10 billion for EIDL emergency advance grants under the CARES Act and the Paycheck Protection Program and Health Care Enhancement Act (P.L. 116-139).

Despite this substantial investment, SBA has taken steps to limit the effectiveness of EIDL and EIDL emergency advance grants. On May 4, SBA announced it would reopen the EIDL application portal, which had been closed since April 15 due to a lapse in appropriations, but only for agricultural businesses.¹ SBA stated that it would continue processing non-farm loan applications submitted before April 15. This announcement came without any direction from Congress to exclude non-farm businesses. Additionally, media reports indicate that SBA has capped EIDL loans at \$150,000, despite SBA's earlier advertising that loans could be up to \$2 million.²

¹ Small Business Administration. "SBA to Make Economic Injury Disaster Loans Available to U.S. Agricultural Businesses Impacted by COVID-19 Pandemic." May 4, 2020. <https://www.sba.gov/about-sba/sba-newsroom/press-releases-media-advisories/sba-make-economic-injury-disaster-loans-available-us-agricultural-businesses-impacted-covid-19>

² Gregg, Aaron and Werner, Erica. "SBA slashes disaster-loan limit from \$2 million to \$150,000, shuts out nearly all new applicants." *Washington Post*, May 7, 2020. <https://www.washingtonpost.com/business/2020/05/07/sba-disaster-loans/>

These SBA decisions, plus administrative hurdles, have created confusion and frustration for Coastal Virginia businesses. Constituents report extreme delays in their applications, difficulties in speaking with an SBA representative empowered to make decisions about their case, and receiving conflicting information depending on which SBA representative they speak with. I have also heard from constituents claiming they were unable to determine why their EIDL application was denied or why they received a loan but for far less than the amount that they had applied for. I am also troubled by reports indicating that minority-owned businesses may be receiving SBA assistance at a rate of as low as one-third that of other businesses.³ These problems place an untenable strain on businesses already struggling to navigate this unprecedented environment.

In order to better understand the scope of the problems with SBA's implementation of these programs, and to inform Congress' work to improve the situation, I respectfully request responses to the following questions:

1. How much is remaining in available appropriations for the EIDL and EIDL emergency advance programs?
2. How many EIDL and EIDL emergency advance applications are pending SBA approval, and how many have already been approved or denied?
3. How many EIDL and EIDL emergency advance applications from minority-, women-, and veteran-owned small businesses are pending approval, and what is their rate of approval as compared to that of other small businesses?
4. What is the dollar amount of pending EIDL and EIDL emergency advance applications?
5. What amount of appropriations do you anticipate would be necessary to fully meet program demand for EIDL and EIDL emergency advances?
6. Do you plan to reopen EIDL and EIDL emergency advance applications for non-farm businesses? If so, when?
7. Some constituents have reported receiving EIDL loans for significantly less than what they had applied for and well under SBA's self-imposed \$150,000 cap; can SBA share the decision-making process that leads to this occurrence?
8. What plans does SBA have to improve the customer service experience for applicants, including faster turnarounds, enhanced transparency about the application review process, and clearer guidelines for how applicants can appeal decisions?

Thank you for your prompt attention to this matter.

Sincerely,



Elaine G. Luria
Member of Congress

³ Flitter, Emily. "Few Minority-Owned Businesses Got Relief Loans They Asked For." *New York Times*, May 18, 2020. <https://www.nytimes.com/2020/05/18/business/minority-businesses-coronavirus-loans.html>